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Available on loan from the CIA Library are photostatic copies of the English translations of new tax regulations as follows:

1. Schedule of Rates for Business Tax.
2. Income Tax Rates for Industry and Commerce.
3. Regulations for Organization of Tax Supervisory Committees.
4. Provisional Regulations for Income Tax on Interest.
5. Measures for Declaration and Payment of Income Tax for 1950.
6. Revised Regulations for Industrial, Commercial Tax.
7. Provisional Regulations for Revenue Stamp Tax.
8. Revised Regulations for Levy on Commodity Tax.

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SHANGHAI NEWS - DEC. 30, 1950

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Schedule of Rates for Business Tax

The schedule of tax rates for business tax to be levied for various trades has been issued as an Appendix to the revised "Regulations for Industrial and Commercial Tax" (published in the December 23 issue of the Shanghai News). It comprises the following three parts:

- (1). Tax to be levied on the basis of the total business receipts;
- (2). Tax to be levied on the basis of the total business profits;
- (3). Tax to be levied on the basis of commissions earned.

FIRST PART

Following is a summary of the first part:

I. Industry:

1. Wine—1%.
2. Brandy—1%.
3. Moulding and casting—1%.
4. Liquid fuel—1%.

5. Chemicals—1% (chemical raw materials), 1.5% (chemical fertilizers and insecticides), and 2% (bakelite, celluloid, explosives, etc.).
6. Chemical or clinical appliances—1%.
7. Scientific apparatus—1%.
8. Transport vehicles—1%.
9. Electrical appliances—1% (generators, dynamos, transformers, telecommunication machines, wires, etc.) and 2% (batteries, bulbs, neon-light, etc.).
10. Wood (lumber) felling and sawing—1% (telling) and 2% (sawing).
11. Fishing by steam vessels—1%.
12. Foodstuffs—1% (machine-made or semi-machine-made flour) and 1.5% (rice husking and ordinary mills).
13. Oil pressing—1.5%.
14. Textile—1% (cotton, woolen, linen, silk, artificial silk, etc.) and 2% (knitting, underwear, towel, handkerchief, etc.).
15. Dyeing, processing and finishing—1.5%.
16. Fire-proof brick—1.5%.
17. Cement—1.5%.
18. Metals—1.5%.
19. Agricultural implements—1%.
20. Handcraft tools—1.5%.
21. Printing and publishing—1%.
22. Synthetic gas—1.5%.
23. Rubber articles—2%.
24. Match—1.5%.
25. Paper—1.5%.
26. Glass—1.5%.
27. Pharmaceuticals—1.5%.
28. Manufacturers of export articles—1.5%.
29. Film production—1.5%.
30. Sugar refining—2%.
31. Stock and poultry breeding—2%.
32. Manufacturers of daily articles—2%.
33. Construction—2.5%.
34. Edibles—2.5%.
35. Cosmetics—3%.
36. Tobacco—3%.
37. Wines and alcoholic liquors—3%.
38. Firecrackers, funeral apparels and superstitious articles—3%.

II. Commerce:

39. Import and export—1.5%.
40. Fuel—2%.
41. Minerals—2%.
42. Metallurgical articles—2.5%.
43. Agricultural implements—2%.
44. Fertilizers—2%.
45. Raw materials and appliances for chemical industry—2%.
46. Medicines and clinical appliances—2%.
47. Rubber goods—2.5% (tires, water-hoses and other rubber articles for industrial use) and 3% (ordinary rubber articles).
48. Bookstores—2%.
49. Paper and stationery—2%.
50. Traffic vehicles—2.5% (cars, ships etc.) and 3% (equipment for cars and ships).
51. Electrical industry appliances—2% (generators, dynamos, etc.) and 2.5% (general electrical appliances).
52. Construction materials—2.5%.
53. Rice and flour—2%.
54. Food and beverages—2% (salt, oil, vegetables, abattoir, etc.) and 3% (restaurants, drinks, tea, tea-houses, etc.).
55. Groceries—3%.
56. Clothing, shoes and hats—3%.
57. Costumes, shoes and hats—3%.
58. Silk, linen and woolen piece goods—3%.

59. Skins and furs—3%.
60. Miscellaneous goods—3%.
61. Chemicals—3%.
62. Paint and lacquer—3%.
63. Glass and porcelain—3%.
64. Bamboo and wooden articles—3%.
65. Umbrellas and fans—3%.
66. Mounting and engraving—3%.
67. Photographing—3%.
68. Clocks and spectacles—3%.
69. Amusement articles—3%.
70. Ornaments—3%.
71. Handicrafts—3%.
72. Cigarettes, match, soap and candle—3%.
73. Real estate—3%.
74. Fire-crackers, funeral apparel and superstitious articles—3%.
75. Other sundries and commonly used articles—3%.

SECOND PART

Following is a summary of the second part:

76. Public utilities—1.5%.
77. Communications—1.5% (railway, post, telecommunication and aviation) and 2% (shipping, automobile, non-motor vehicles, loading).
78. Hospitals, medical centers and veterinaries—2%.
79. Repairs—2% (machine repairing, electroplating, etc.) and 4% (general repairing).
80. Typewriting—2%.
81. Sewing—2%.
82. Barbershops and bath-houses—2.5%.
83. Laundries—2.5%.
84. Warehouses—3%.
85. Contractors—3%.
86. Salvaging—3%.
87. Banking—4%.
88. Insurance—4%.
89. Hotels—4%.
90. Advertising—4%.
91. Renting and loaning—4%.
92. Cultural entertainment and physical amusement—2% (skating, swimming, playground, etc.) 4% (theatres, story-tellers, circus, etc.) and 7% (ballrooms, billiardrooms, race courses, boating).
93. Customs brokers—5%.
94. Wedding and funeral services—4% (group marriage, cemeteries, cremation) and 5% (auditoriums, sedan-chairs, funeral parlours, band music, etc.).
95. Gold shops—5%.
96. Pawnshops—5%.
97. Employment agencies—5%.
98. Commodity exchange—6%.

THIRD PART

Following is a summary of the third part:

99. Purchasing and marketing agents—6%.
100. Auctioneers and surveyors—8%.
101. Stock exchanges—10%.
102. Real estate agents—12%.
103. Stock brokers—15%.
104. Commission agents—15%.

ANGHAI NEWS, SHANGHAI, SATURDAY, DECEMBER

Income Tax Rates for Industry and Commerce

In connection with the revised Regulations for Industrial and Commercial Tax, the schedule of income tax rates (for the income tax portion) and the list of trades which will be granted reduction in the payment of income tax were officially announced yesterday. Following is the schedule of income tax rates:

Grade	Volume of income	Tax rate
	JMP	
1.	1-2,999.999	5%
2.	3,000,000-3,999.999	6%
3.	4,000,000-4,999.999	7%
4.	5,000,000-5,999.999	8%
5.	6,000,000-6,999.999	9%
6.	7,000,000-7,999.999	10%
7.	8,000,000-8,999.999	11%
8.	9,000,000-9,999.999	12%
9.	10,000,000-10,999.999	13%
10.	11,000,000-11,999.999	14%
11.	12,000,000-12,999.999	15%
12.	13,000,000-13,999.999	16%
13.	14,000,000-14,999.999	17%
14.	15,000,000-15,999.999	18%
15.	16,000,000-16,999.999	19%
16.	17,000,000-17,999.999	20%
17.	18,000,000-18,999.999	21%
18.	19,000,000-19,999.999	22%
19.	20,000,000-20,999.999	23%
20.	21,000,000-21,999.999	24%
21.	above JMP	30%

Following is the list of trades to be granted reduction of payment of income tax:

I.—Reduction of 40%:

1. Machine manufacturers of the first category:—motor, heavy machine tools, agricultural machines, cotton-spinning machines, paper-manufacturing machines.
2. Mining industries of the first category:—iron and steel, non-ferrous metals, petroleum.
3. Electricity:—Electric power, electric light, electric heat.
4. Traffic vehicle manufacturers of the first category:—trains, automobiles, trams, ships and other machines and appliances.

II.—Reduction of 30%:

1. Machine manufacturers of the second category:—light machine tools, flour-milling machines, rubber machines, oil pressing machines, cloth-weaving machines, dyeing and furnishing machines and other machines specially used by various trades.
2. Mining industries of the second category:—Coal, alum, mica, asbestos, graphite, coke.
3. Manufacturers of chemicals and chemical industry appliances of the first category:—sulphuric acid, hydrochloric acid, nitric acid, alkali, oxygen, chemical fertilizers, substitutes for petroleum, hydrometer, high-heat resisting crucibles, tube, beaker, flask, thermometer for industrial use and other important chemical apparatus and articles.
4. Manufacturers of electrical industry appliances:—telephones, transmitters, radio-receivers, electrical wires, electrical meters, transformers, bulbs.

III.—Reduction of 20%:

1. Manufacturers of chemicals and chemical industry appliances of the second category:—dye-stuffs, insecticides and other important chemical articles.
2. Manufacturers of agricultural implements:—waterwheels, ploughs, hoes and other reformed agricultural implements.
3. Manufacturers of articles for uses and publishers of books, magazines and newspapers:—

microscopes, theodolites, fountain pens, clocks, watches, slide-rules, film-projectors, film production, cameras and photographic articles and appliances, drafting instruments, Chinese and western special remedies, publishers, manufacturers of athletical appliances.

4. Manufacturers of export articles:—Carpets and woollen threads for carpets and rugs, bristles, horse-tail, processing of casings, vegetable oil, egg-products industry, special handicrafts.

5. Manufacturers of substitutes for imported necessities:—special kinds of paper, batteries, insulators, glass, gunny bags, watermeters, glycerin, lubricant oil, bicycles, various kinds of gums, mica paper, gasoline, weighing accessories.

6. Transportation businesses of the first category:—ships and automobiles.

IV.—Reduction of 15%:

1. Manufacturers of printing appliances:—litho, gelatine, zinc plate, lead plate, brass plate, glass plate, type mould, types, linotype, stencils, blue print paper, mimeograph engraving plate, and inks for special printing.

2. Rubber and leather manufacturing:—automobile tires, bicycle tires, wheel-belt, water-hoses, leather used for wheel-belts.

3. Manufacturers of materials for construction:—cement, bricks and tiles, sluices, lime, articles made of asbestos, lumber.

V.—Reduction of 10%:

1. Manufacturers of traffic vehicles of the second category:—rickshaws, carts driven by animals, boats.

2. Manufacturers of handicraft instruments:—cotton-bows, cotton press, silk reeling machines and other important handicraft instruments.

3. Machine repairs:—repairs of various kinds of machines, electroplating industry, electric welding, electric engineering.

4. Manufacturers of common necessities:—Cotton yarn, cloth dyeing and weaving, milled flour, porcelain, enamel, earthenware, glass vessels, copper basins, iron pans, aluminum boilers, aluminum basins, matches, buttons, measures and weights, metals, threads, needles, nails, Chinese and western medicines, vegetable oil, leather, paper, stationery, ink, printing industry.

5. Hospitalization business:—Hospitals, medical centers and their affiliated dispensaries.

6. Transportation businesses of the second category:—transportation by animal-driven carts or by boats.

7. Animal husbandry:—dairies, stock farms, manufacturers of milk products.

Regulations for Organization Of Tax Supervisory Committees

The "Regulations Governing the Organization of Tax Supervisory Committees" was adopted by the Government Administration Council on December 15, 1950, at its 63rd regular meeting and was promulgated by the Council on December 19. The full text (in translation) of the Regulations is as follows:

Article 1.—In order that the people's governments in various large cities may carry out the just and reasonable taxation policy of the state and readjust the relations between state and private enterprises in taxation work, Tax Supervisory Committees (hereafter referred to as TSC) should be formed in accordance with the present Regulations in a spirit of collective consultation and joint responsibility, if necessitated by actual circumstances.

Article 2.—The TSC will be put under the leadership of the local people's government, which will decide the number of TSC members.

Article 3.—Representatives of local committees of financial and economic affairs, taxation authorities, industry-commerce control authorities, land control authorities, industrial and commercial associations and trade unions will be ex officio members of the TSC. In addition, a number of impartial personages or competent experts will be invited by the local people's governments to be the TSC members on a tenure of one year.

Article 4.—There shall be one chairman and one vice chairman for the TSC, both of whom will be appointed by the local people's government from among the TSC members.

Article 5.—The tasks of the TSC are as follows:

(A). To explain the taxation policies and laws of the people's government;

(B). To mediate disputes between the taxation authorities and the persons liable to tax payment;

(C). To reconsider applications for re-appraisal submitted by the persons liable to tax payment.

Article 6.—After receiving applications for re-appraisal submitted by the persons liable to tax payment, the TSC must promptly

appraisal. Such decisions must be sent to the taxation authorities concerned for forwarding to the applicants for observance. If the results still fail to give satisfaction, they may appeal to the taxation authorities of a higher level.

Article 7.—In reconsidering cases, the TSC must invite the persons liable to tax payment, who have applied for re-appraisal, to be present and state their reasons. If necessary, the trade guilds concerned may be asked to send persons to participate in the consultation.

Article 8.—The decisions of the TSC must be approved by half of its members. If the taxation authorities deem the decisions as in contravention to taxation laws, the taxation authorities must submit the decisions and their own opinions to the local people's government, which will effect a settlement through consultation with the taxation authorities of a higher level.

Article 9.—The TSC's may formulate detailed measures on their work in accordance with the present Regulations as well as the actual circumstances of the localities concerned. However, such measures will only come into force after approval is obtained from the local people's governments.

Article 10.—The present Regulations will come into force on the date of promulgation.

Provisional Regulations For Income Tax on Interest

The following is a translation of the full text of a set of "Provisional Regulations governing the levy of Income Tax on Interest" adopted at the 63rd meeting of the Government Administration Council on December 15, 1950, and promulgated by the Government Administration Council on December 19.

Article 1.—Except otherwise stipulated, income tax on interest shall be paid in accordance with the present regulations for any income from interest within the country.

(a). Income on interest from deposits.

(b). Income on interest from bonds, debentures, and stocks.

(c). Income on interest from advances made to their respective enterprises on the part of shareholders, workers or staff members.

Article 2.—The rate for income tax on interest is five per cent, to be assessed pro rata in accordance with amount of income on interest.

Article 3.—Income tax on interest is payable by the party to whom interest is due. The party paying out interest shall be held responsible for deducting such tax rates from the payment of interest.

Article 4.—Income on interest listed below shall be exempted from paying income tax:

(a). Interest on deposits from endowment fund of educational, cultural, public welfare, and relief organizations and institutions used exclusively on the said enterprises.

(b). Interest earned by banking institutions from loans made to their customers, or among their head or branch offices, or among other banks.

(c). Interest accrued from shares on investments in enterprises.

(d). Interest accrued from loans made to workers or peasants by and among themselves.

(e). Interest of less than JMP 5,000 at each Separate payment.

With regard to interest (a) referred to above, approval must first be obtained from the taxation organ, by the depositor by submitting documents and statement of purpose to which the income from interest will be devoted. Such documents and statements after being approved by the taxation authorities must be deposited with the party responsible for the deduction of income tax for purpose of reference.

Article 5.—The party responsible for the deduction of income tax must deduct the tax payments, at the rate stipulated, each time interest payment is due. Such deducted tax payments must be paid into the Public Treasury once in every five days on specified

payment forms. A statement of deducted tax payments must also be submitted to the taxation organ in the locality for reference.

Article 6.—To guard against irregularities, the taxation organ may send out inspectors at any time to inspect the account books, documentary evidences and documents approved by the taxation organs for exemption of taxation, kept by the party responsible for the deduction of income tax, who may, under no circumstance, deny such inspections.

Article 7.—In case of wrong payment or over payment made to the Public Treasury by the party responsible for deducting income tax, application for refund may be made within one month from date of payment. Refund will be effected after the case has been looked into and substantiated by the taxation organ.

Article 8.—As remuneration, one percent of the total tax payments deducted may be retained by the party responsible for deducting income tax, from each payment made to the Public Treasury, if the work has been properly performed in accordance with the provisions of these regulations.

Article 9.—A fine not exceeding five times will be imposed on the party responsible for deducting income tax for amounts deliberately under-deducted or not correctly paid into the Public Treasury, in addition to collection of the amount short paid.

Article 10.—A fine not exceeding JMP 300,000 will be imposed on any party responsible for the deduction of income tax if he refuse to produce account books, documentary evidences for inspection by inspectors sent out by taxation organs as stipulated in Article 6 hereof.

Article 11.—Fines for delayed payments will be imposed on the party responsible for deducting income tax for each day tax payments are overdue at the rate of one per cent of the amount of arrears. The rate for such fines is subject to increase or decrease by order of the Ministry of Finance of the Central People's Government.

Article 12.—The present regulations will come into force from the date of promulgation.

Measures for Declaration and Payment of Income Tax for 1950

Measures for declaring and paying income tax for the year 1950 and business tax for next year by industrial and commercial firms have been discussed and passed at a general meeting of the Municipal Consultative Council, and will soon be promulgated for enforcement after approval by the Shanghai Municipal People's Government.

The salient points of these Measures are as follows:—

Procedure for declaring and paying income tax for the year 1950:

1.—All industrial and commercial firms must take stock and close their accounts at the end of the year, and submit to the Tax Bureau not later than February 28, 1951, a copy of their balance sheet, profit and loss account and a statement of income, regardless whether they make a gain or not. Those firms with branches in the city or out-ports, which have been approved by the Tax Bureau to declare their volumes of income through their head office in Shanghai, may ask for extension of time to March 10 for submitting statement and accounts, if they find it necessary.

For those firms who adopt the

method of paying their income tax on an estimated basis in advance, the name of the place where income tax was assessed and collected, the amount of tax, the date on which tax payment was made, the number and character of the receipt, the name of the Public Treasury which received the tax payment should all be clearly given in their statements to facilitate checking by the Tax Bureau.

Those firms adopting the method of paying tax by voluntary declaration but subject to democratic appraisal, must also attach a copy of balance sheet and profit and loss account to their statement of income tax to the Tax Bureau for transmission to the Democratic Appraisal Committee for assessment.

2. Upon receipt of the statements referred to in the foregoing, the Tax Bureau will work out the tax payable in accordance with the figures given in those statements and notify the firms concerned to pay accordingly.

Those firms who adopt the method of paying their income tax on an estimated basis in advance, may deduct the payments they previously made, and will be notified to pay the balance due.

Dates for Income Tax Payment

The dates set for making income tax payment are from March 16-31, 1951. In order to avoid congestion, a schedule of dates for tax payers will be prepared by the Tax Bureau.

Refund of overpaid portions of tax payments to those firms which declared loss in business, or whose tax payable quota is smaller than originally assessed, will only be made after the procedures of auditing are completed or after democratic appraisals are held.

3. Audit will be carried out by the Tax Bureau of the accounts of firms who adopt either the system of paying their income tax by voluntary declaration but subject to audit, or the system of voluntary declaration but subject to democratic appraisal. The results of such audits will be dealt with in accordance with the system the firms adopt in paying their tax.

Protests against results of audits may be filed and a second audit conducted. Should the taxpayer concerned be still dissatisfied with the result of the second audit, application for revision of decision may be directed to the Revision Committee for Taxation Affairs (Room 150, 209 Kiangse Road C.). The Tax Bureau will make refund of any excess paid, or collect any deficiency due, for income tax in accordance with the decisions reached after the second audit or revision by the revision committee.

The foregoing concern industrial and commercial firms which adopt the system of paying their income tax by voluntary declaration and subject to audit.

Democratic Appraisal

With regard to those firms which adopt the system of paying their income tax by voluntary declaration and subject to democratic appraisal, the Tax Bureau will submit the results of audit to the Democratic Appraisal Committee, for the appraisal committee of individual trades to assess the taxable quota. The Tax Bureau will make refund of any excess or collect any deficiency of income tax in accordance with the decisions reached by the appraisal committee. Should the taxpayers concerned be dissatisfied with the assessed quota, a request for re-appraisal may be made to the Democratic Appraisal Committee. Should the decisions reached on re-appraisal be still unsatisfactory to the taxpayer concerned, application for revision may be filed with the Revision Committee for Taxation Affairs.

(The method for calculating industrial and commercial firms' business tax for 1951 will be given in tomorrow's issue of The Shanghai News).

Revised Regulations for Industrial, Commercial Tax

A revised version of the "Provisional Regulations Governing the Levy of Industrial and Commercial Tax,"—which had been originally adopted at the 17th regular meeting of the Government Administration Council held on Jan. 27, 1950, and promulgated on Jan. 30 by the Council,—was approved on Dec. 15, 1950, by the Government Administration Council at its 63rd regular meeting and promulgated on Dec. 19 by the Council. The full text (in translation) of the Revised Regulations is as follows:

I.—General Principles

Article 1.—All profit-making industrial and commercial enterprises within the country—whether state-owned, private-owned, state-and-private jointly owned or co-operative—should pay industrial and commercial tax at the places where business transactions take place according to the provisions of the present Regulations, unless governed by other regulations.

Article 2.—All industrial and commercial enterprises are classified into resident industries and businesses, non-resident businesses and stall-keepers according to the methods of operation.

Article 3.—Industrial and commercial tax due by resident industries and businesses is divided into two parts, the first part being levied on the business turnover (heretofore referred to as business tax) and the second part on the volume of income (heretofore referred to as income tax).

Article 4.—Measures governing the levy of non-resident merchants' business tax and of stall-keepers business tax will be formulated separately by the Ministry of Finance of the Central People's Government.

Article 5.—Of industrial and commercial tax due by state-owned enterprises, the business portion should be paid at the place on the basis of the business turnover; but not the income portion, as special measures will be formulated instead to govern the deduction of profits from the volume of income.

Article 6.—State- and -private jointly owned industrial and commercial enterprises must pay industrial and commercial tax just as ordinary factories and firms.

Article 7.—Reduction or exemption of industrial and commercial tax due by co-operative enterprises will be granted according to the Co-operatives Law. Measures governing the payment of taxes by co-operatives will be formulated separately.

Article 8.—Exemption from industrial and commercial tax will be granted for the following:

(A). State-owned enterprises having sole right of sale on manufacture;

(B). Poor handicraftsmen and family side-occupations;

(C). Others specially approved by the Ministry of Finance of the Central People's Government.

II.—Tax Rates

Article 9.—Industrial and commercial tax will be levied at the following rates:

(A). The business tax will be levied at different rates for different trades:

(a). Tax rates for business tax to be levied on the basis of the total business receipts range from 1 per cent to 3 per cent;

(b). Tax rates for business tax to be levied on the basis of the total business profits range from 1.5 per cent to 6 per cent;

(c). Tax rates for business tax to be levied on the basis of the commissions range from 6 per cent to 15 per cent.

(d). Tax rates for business tax to be levied on different trades will be given in a separate schedule).

(B). Tax rates for income tax to be levied on a graduated scale

of income range from 5 per cent to 30 per cent.

(C). Tax rates for income tax set

for different grades will be given in a separate schedule).

Article 10.—Income tax quotas computed in accordance with the tax rates as mentioned in Section "B" of the preceding Article may be reduced from 10 to 40 per cent for certain trades serving requirements of state economic reconstruction, as a way of encouragement.

(The scope of trades to be granted reduction of payment of income tax will be given in a separate schedule).

Article 11.—Business tax will be collected according to the following methods from one business unit of certain industrial or commercial enterprise, for which more than one tax rate can be applied to:

(A). Any business unit engaged in two trades or more will be liable to payment of business tax separately at the different rates concerned. In case of difficulty in defining the distinction between or among the different trades, business tax should be paid at the higher rate.

(B). In case of difficulty in defining whether the trade is industrial or commercial, business tax should be paid at the rate set for the commercial enterprise.

(C). If any industrial enterprise engages in continuous production of different products, for which different tax rates have been set, the business tax should be paid at the lower rate.

III.—Report and Investigation

Article 12.—Not later than 20 days before the opening, change in nature, or suspension of business, the industrial and commercial enterprises must report to, and apply for registration at, the industry-and-commerce administrative authorities in order to obtain or cancel their business licences according to regulations. Besides, such enterprises should submit to the taxation authorities a duplicate set (of the documents) for reference.

Article 13.—Industrial and commercial enterprises should, at specified periods, fill in the statement forms of their business turnover and volume of income, and submit them, together with other necessary tables and forms, to the taxation authorities for investigation.

Article 14.—Industrial and commercial enterprises must keep two accounts, a journal and a ledger, and sale or purchase invoices whenever a business transaction is made.

Article 15.—In order to ascertain the business conditions and burdens of industrial and commercial enterprises, taxation authorities may undertake periodical overall investigations or surprise inspections. On such occasions, industrial and commercial enterprises must make factual reports as required and should not conceal facts or refuse to disclose them.

Article 16.—Personnel on outdoor duties should produce certificates issued by taxation authorities which despatch them. In case of failure to produce certificates on the part of industrial and commercial enterprises, should refuse to submit their accounts and receipts and, moreover, report to

23, 1950

Provisional Regulations For Revenue Stamp Tax

A set of "Provisional Regulations for Revenue Stamp Tax" was passed at the 63rd regular meeting of the Government Administration Council on December 15, 1950, and promulgated by the Council on December 19. The following is a translation of the full text:

I.—General Rules.

Article 1.—Unless otherwise provided for, revenue stamp tax must be paid in accordance with the present regulations on all vouchers and documents written or used in connection with commercial transactions or property rights within the country.

Article 2.—Those liable for the payment of revenue stamp tax comprise the signatories, recipients or users of vouchers and documents. Such persons must affix on the vouchers and documents revenue stamps at the rates specified in the tariff.

Article 3.—The revenue stamps shall be made under the supervision of the Taxation Administration of the Ministry of Finance of the Central People's Government, and distributed to the taxation authorities throughout the country for sale. Sales of revenue stamps may also be entrusted to banks, post offices, co-operative societies or industrial and commercial firms by the local taxation authorities.

Article 4.—The following vouchers and documents are exempted from revenue stamp tax:

- (a). Land Ownership Certificates issued in the rural areas after agrarian reform.
- (b). Duplicates or copies of vouchers or documents on which revenue stamps have already been affixed.
- (c). Statements of accounts for the purpose of checking or for substantiating a claim for debts.
- (d). Tickets for passengers and luggage by train, ship or plane.

II.—Tax Rates

Article 5.—As determined by their nature, vouchers and documents must have revenue stamps affixed at rates either ad valorem in terms of JMP stated therein, or at a fixed amount for each.

Three rates shall apply for those of ad valorem nature, i.e., 1/10,000th, 3/10,000ths and 3/1,000ths. For those of the nature subject to fixed amounts, four rates are applicable, i.e. JMP 200, JMP 500, JMP 2,000 and JMP 5,000.

Article 6.—Revenue tax is waived for those vouchers and documents of a value not exceeding JMP 15,000. However, this does not apply to tickets for cinema and opera houses and other places of amusements.

Vouchers and documents within the fixed amount category are liable to revenue tax for JMP 200, if the value involved does not exceed JMP 15,000.

Article 7.—Revenue stamp tax rates and the various kinds of vouchers and documents on which revenue stamps must be affixed are given in the appended tariff.

III.—Tax Payments

Article 8.—Commercial transactions or matters involving property rights must be substantiated by written vouchers or documents whereby, in accordance with the items given in the appendix attached to Article 7, the party liable for tax payment must affix the requisite amount of revenue stamps before they are handed over and can become effective.

For purpose of simplifying procedure, the party liable for such revenue stamp tax payment may apply to the taxation authorities in their localities for permission to pay such tax in bulk at fixed periods.

Article 9.—When a document is required to be written in more than one copy and to be kept in the possession of each of the parties concerned, the full amount of revenue stamp tax will be required for each and every copy.

Article 10.—Revenue stamp tax

will be required for vouchers and documents which, although the period of validity has expired, are still regarded by the parties concerned as effective, and for those duplicates or copies which are equally valid as the originals.

Article 11.—Vouchers and documents falling within two or more categories, for which the same amount of stamp tax is applicable, will require only the payment for one category. The higher tax rate shall be applicable, if the rates vary.

Article 12.—If, due to changed conditions, amendments are made to vouchers and documents already taxed, additional tax payments must be made on the amended parts, if required under the regulations.

Article 13.—If the value written in the vouchers and documents is in currencies other than JMP, (for instance, in currencies of the Northeast or Sinkiang, before unification of currency was effected,) it should be evaluated in terms of JMP at the officially announced rate, and be taxed accordingly. In cases where the value is not stated, the taxable amount may be determined by evaluating the amount and quantity of the articles enumerated therein at the market value.

Article 14.—Additional tax must be paid by the parties liable therefor on all vouchers and documents which were in effect before these regulations came into force, and which continue in effect, on which revenue stamps have not been affixed or on which insufficient revenue stamps have been affixed short of the amount required in accordance with the new regulations.

If the address of the party liable for such tax payment is unknown, payment should be made by the party making use or in possession of the voucher or document.

Article 15.—Seal, chop or signature should be stamped or written on, and over the edges of, the revenue stamps affixed on vouchers and documents as marks indicating that they have been used.

No revenue stamps are allowed to be removed from vouchers and documents and used a second time.

IV.—Inspection

Article 16.—Inspection of revenue stamp tax shall be carried out by taxation authorities of various levels, which may seek the assistance of the People's Government or public security organs of their localities, if necessary. Certificate of identification must be produced by the personnel sent out by the taxation authorities to carry out inspections, when performing their duties.

Article 17.—Inspection of revenue stamp tax shall be carried out during working hours of taxpayers, and at the place of business or places designated by the taxation authorities. Such inspections may

not be returned by the party concerned.

Article 18.—Upon discovery of any violations of the present revenue stamp tax regulations, the tax inspector should refer the case to the taxation authorities in the locality concerned, instead of himself dealing with it.

V.—Penalties

Article 19.—A fine not exceeding twenty times the amount of revenue stamp tax evaded will be imposed for offences in contravention of the provisions of Articles 8 to 14 of these regulations.

Article 20.—For offences in contravention of the provisions of Article 15 of these regulations, a fine not exceeding 30 times will be imposed for the amount of revenue stamps re-used, and a fine not exceeding 10 times, for revenue stamps not properly cancelled.

Article 21.—Protests against fines meted out by the taxation authorities may be filed within five days, or appeals made to higher taxation authorities.

Article 22.—Cases of refusal of inspection, refusal to pay fines and forgery of revenue stamps will be turned over to the People's Court.

Article 23.—Vouchers and documents discovered during Court proceedings as being at variance with the provisions of these regulations with regard to the use of revenue stamp tax, will render the party concerned liable to fines according to these regulations, in addition to paying the amount of tax due.

Article 24.—Upon substantiation a reward of 20 to 30 per cent of the fines imposed will be given to any informant who reports to the taxation authorities any cases of vouchers or documents violating or not in conformity with the provisions of these regulations or on which revenue stamp tax has not been properly applied.

VI.—Supplementary Provisions

Article 25.—The working details of these regulations shall be formulated separately by the Ministry of Finance of the Central People's Government.

Article 26.—With the promulgation of the present regulations, all the temporary measures in respect of revenue stamp tax for different localities are abolished.

Article 27.—The present regulations shall come into force on the date of promulgation.
(The tariff referred to in Article 7 will be published later—Ed.)

Revised Regulations for Levy of Commodity Tax

A revised version of the "Provisional Regulations Governing the Levy of Commodity Tax"—originally adopted at the 17th regular meeting of the Government Administration Council on January 27, 1950, and promulgated on January 30 by the Council—was adopted on December 15, 1950, by the Government Administration Council at its 63rd regular meeting and promulgated on December 19 by the Council. The full text (in translation) of the revised Regulations is as follows:

Article 1—For all commodities listed in the present Regulations, whether native-made or imported, commodity tax must be paid in accordance with the present Regulations unless otherwise stipulated.

Article 2—Manufacturers or buyers of commodities on which commodity tax is to be paid are persons liable to payment of commodity tax. Such persons must pay commodity tax to the taxation authorities of 11 levels under the Taxation Administration of the Ministry of Finance of the Central People's Government.

Article 3—Reduction or exemption of commodity tax must be approved by the Ministry of Finance of the Central People's Government. No reduction or exemption by any means, may be made by local people's governments and taxation authorities.

Article 4—All commodities for which commodity tax has been paid can be sold throughout the country, and no re-levy or surtax of any other kind will be permitted.

Article 5—Commodity tax must be levied ad valorem. The categories and rates of tax are as follows:

Article 6—The formulas for computation of commodity tax paying price and of taxable quota are as follows:

Average market wholesale price : (1 + tax rate) = commodity tax paying price

Commodity tax paying price x tax rate = taxable quota

The commodity tax paying price must be fixed monthly according to the average market wholesale price of the locality concerned on the 10th day prior to the fixing of the price. However, the said price must be readjusted whenever the rate of fluctuation of commodity prices exceeds 10 percent.

Tax quota may be computed on the basis of the pegged price in case such pegged price of a factory or firm is deemed by the taxation authorities as being reasonable to serve the basis for computation.

Article 7—After tax has been paid for the commodities liable for tax, tax payment certificates and labels must be issued so as to facilitate transportation, sale and inspection. The main certificates and labels include the following:

(A). Tax payment certificates;
(B). Tax payment labels;
(C). Investigation labels.

Article 8—All taxable commodities produced and manufactured domestically shall be subject to commodity tax in accordance with the following methods by taxation authorities:

(A) Collection in factories: Tax collectors will be stationed in factories or workshops for the collection of tax due on commodities produced or manufactured by them.

(B) Collection after investigation: For smaller factories or workshops where it is not convenient to station tax collectors, tax should be collected through examination of the outputs and periodical investigations.

(C) Collection upon transportation: In case of difficulty in collecting according to the above two methods, tax collection must be carried out upon transportation of the commodities.

Article 9—Commodity tax for imports from abroad, which are subject to tax, must be paid by the importers immediately upon arrival. Separate regulations will be for-

mulated for the collection of commodity tax on imports by Custom houses.

Article 10—Exporters may apply to the taxation authorities for the refundment of commodity tax already paid for commodities exported, in case the refund has been granted in official announcement.

Article 11—Besides applying for registration with industry - commerce authorities, the persons liable to tax payment must also apply for registration with taxation authorities by submitting the duplicates (of the documents). The same ruling will govern in case of suspension of business or changes about the statement in the original registration forms.

Article 12—Persons or enterprises liable to tax payment must report faithfully on all materials concerned to the taxation authorities according to regulations. If necessary, taxation authorities may examine their stocks, accounts, bills or factory equipment.

Article 13—In case of violation of laws and regulations, rulings on penalties are laid down as follows:

(A). A fine not exceeding JMP 1 million will be imposed on those who do not carry out the procedures on registration, reporting, transportation or sale according to regulations and those who refuse to submit accounts or bills.

(B). A fine not exceeding 5 times the tax quotas evaded will be imposed in accordance with the severity of the case on those who conduct illicit manufacture, transportation or sale or carry out other tax-evading activities; otherwise a part or the whole of the commodities of such law-breakers will be confiscated. For certain specified commodities, punishment and confiscation will be meted out simultaneously.

Tax payment must be made up for the tax-evaded commodities according to regulations, except the part confiscated.

(C). Besides punishment according to the above section, those who refuse to be taxed or investigated, forge certificates, labels or chops, use falsified trade marks, or conduct smuggling of commodities will be handed over to the People's Court to be dealt with.

Article 14—Anybody may report, or help the taxation authorities to probe into, cases of violation of regulations or laws. Informers or those who help in the probing are entitled to a reward of 20-30 percent of the fines imposed after the cases have been substantiated and dealt with.

Article 15—Those who delay tax payment in contravention to the regulations will be ordered to pay up the tax arrears within specified time-limits and, in addition, be subject to a fine at the rate of one per cent of the tax quotas for each day of delayed payment. However, the rate of fine may be increased or reduced upon instructions of the Ministry of Finance of the Central People's Government.

Article 16—Detailed rulings governing the execution of the present Regulations will be formulated separately by the Ministry of Finance of the Central People's Government.

These Regulations will come into force on the date of promulgation.

Payment

Article 17—Methods for computing business turnovers are provided as follows:

(A) Total business receipts refer to net receipts obtained for goods sold, excluding discounts and returns.

(B) Total business profits refer to rewards, handling fees, rates of remittance, interest, insurance premia and other profits, from which no costs and expenses can be deducted. However, for insurance companies, the re-insurance premia should be deducted from the total amount of insurance premia (when the total business profits are computed).

(C) Commissions should be reckoned as a whole, from which no costs and expenses can be deducted.

Article 18—Volume of income refers to total receipts obtained in a business year or a period during which business is actually done, excluding costs, expenses and damages.

Article 19—Dividends can only be declared by industrial and commercial enterprises after tax quotas due have been computed.

Article 20—In collecting industrial and commercial tax, taxation authorities should, in accordance with the actual conditions of the places concerned, adopt the following methods:

(A) Those enterprises having complete book-keeping system may adopt the method of voluntarily declaring business turnovers subject to auditing and paying according to rates set, and separately pay their tax levied for business turnovers and volumes of income, provided their book-keeping system is deemed by the taxation authorities as being sufficiently complete for the purpose.

(B) Those enterprises failing to meet the requirements mentioned in the preceding section may adopt the method of voluntary declaration subject to democratic appraisal. Tax should be collected from them at the rates set by taking into consideration all data obtained by inspection.

(C). Tax may be collected from petty industrial and commercial units according to the method of levying a fixed quota for a fixed period on the basis of democratic appraisal.

Article 21.—Business tax may be levied seasonally or monthly. In the former case, the payments should be completed in April, July, October and January. Income tax may be levied at the end of the second season on an estimated basis, while the balance for the whole year should be made after the year-end settlement is concluded. However, such balance should be made not later than March of the following year.

Article 22.—Industrial and commercial enterprises which cease business operations or declare liquidation owing to reorganization, incorporation, dissolution, transference of ownership or suspension should pay up the business tax and income tax within the specified time-limit for the period during which business was done.

Article 23.—A Democratic Appraisal Committee should be formed to be responsible for carrying out the appraisal as mentioned in Article 20. Regulations on the organization of Democratic Appraisal Committees will be formulated separately.

Measures for Declaration and Payment of Income Tax for 1950

(Concluded from Yesterday)

The following is the concluding part of the "Measures for declaring and paying Income Tax for 1950 and business Tax for 1951", the first part of which was given in yesterday's issue:—

Method for Computing Volume of Income

The important factor in deciding the method to be followed for computing the volume of income lies in the means by which stocks are evaluated at the end of a fiscal period. The Tax Bureau will announce by public notice the different concrete methods for valuation of stocks at the year's end.

The principle of the methods is to take as basis the lower price between the current price and the original price, or between the current price and the standard original price of the stocks. As to how to compute the current price, original price and standard original price, details will be formulated by the Tax Bureau.

Tax quotas due by industrial and commercial enterprises will be computed on the basis of the tax rates and the scale for the reduction of tax payment granted to certain trades, as provided in the "Revised Provisional Regulations Governing the Levy of Industrial and Commercial Tax" recently promulgated by the Government Administration Council.

Moreover, there are such industrial and commercial enterprises which engage simultaneously in two or more trades for which the rates for the reduction of income tax payment vary. On the other hand, there are also such industrial and commercial enterprises which engage in two or more trades, only a part of which is or are granted a reduction of income tax payment. In such cases, the different amounts of business receipts derived from transactions in different trades must be computed separately. Thus, the different rates for the reduction of income tax payment can apply respectively to the different

trades carried on by one industrial or commercial enterprise in the right proportions. Such a method of computation is quite complicated, but equitable.

Methods for declaring and paying business tax for 1951.

The present systems of (1) voluntary declaration subject to audit, (2) voluntary declaration subject to democratic appraisal and (3) fixed quota for a fixed period will continue.

Those firms adopting system (1) will continue to submit declarations of their business turnovers monthly and duly pay the taxable quotas to the Public Treasury as usual, while the final settlement is to be made after the result of audit is known. This will be completely in accord with the regulations given in Notice No. 29, "Fu Sui".

Those firms adopting the system (2) will continue to pay their quotas in advance with appraisals held once every three months. The terms of the same Notice referred to above with regard to auditing before and after appraisal shall apply. The months in which appraisals are to be held will be readjusted for purpose of uniformity. Fines for delayed payment due from those firms whose declared quota proved to be smaller than that determined by the appraisal committee, will be calculated monthly instead of quarterly.

For small industrial and commercial firms who pay taxes for fixed periods, their quotas embrace both the business tax and income tax, and are to be paid monthly as provided in the same Notice referred to above.

The quotas for the months during the first half of a year will be appraised in January, while those for months of the second half of the year will be appraised in July. For the sake of precision, two semi-annual appraisals will be held.

V.—Rulings on Fines

Article 24.—For violation of the provisions laid down in Articles 12, 13, 14, 15 and 22, a fine not exceeding JMP 1 million should be imposed.

Article 25.—For under-declaration of business turnover or volume of income, a fine of 100-1,000% of the under-declared part will be imposed, in addition to the levy due on the under-declared part. In case of severe violations such as faked certificates and refusal to pay tax, taxpayers should be brought to the People's Court to be dealt with.

Article 26.—Anyone may report violations of regulations and laws as mentioned in the preceding two articles. Informers are entitled to a reward of 20-30 per cent of the fines imposed after the cases have been confirmed and dealt with.

Article 27.—Those who delay tax payment, will be ordered to pay up

the tax arrears within specified time-limits and, in addition, be subject to a fine at the rate of 1% of the tax quotas for each day of delayed payment. However, the rate of fine may be increased or reduced upon instructions of the Ministry of Finance of the Central People's Government.

VI.—Supplementary Provisions

Article 28.—Detailed rulings governing the execution of the present Regulations will be formulated separately by the Ministry of Finance of the Central People's Government.

Article 29.—The present Regulations will come into force on the

THE SHANGHAI NEWS, SHANGHAI, TUESDAY, DECEMBER

CATEGORY		SCHEDULE OF TAXES		TAX RATES	
Wine & Tobacco	ITEMS	Cigarettes	Machine - made, semi-machine-made, hand-made cigarettes	A 120%	
				B 110%	
				C 100%	
				D 90%	
				100%	
				100%	
				45%	
				40%	
				100%	
				80%	
Fire crackers & Superstitious Articles	ITEMS	Cigars	High-grade pipe tobacco Common quality tobacco Smoked leaves, native leaves	100%	
				80%	
				40%	
				30%	
				80%	
				20%	
				20%	
				80%	
				100%	
				60%	
Cosmetics	ITEMS	Alcohol	Firecrackers Superstitious articles	30%	
				20%	
				80%	
				100%	
				60%	
				30%	
				20%	
				10%	
				5%	
				5%	
Beverage & Edibles	ITEMS	Beverage	Canned food Luxurious articles	5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
Fibre Skins & Hair	ITEMS	Casing & egg products flour	Flour Cotton yarn & linen yarn Woollen yarn, Woollen thread	5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
Articles for use	ITEMS	Woollen piece goods	Artificial silk Silk piece goods, Flax piece goods	5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
Industrial products	ITEMS	Skin & Hair	Skins A Skins B Hair A Hair B	15%	
				10%	
				10%	
				5%	
				15%	
				5%	
				5%	
				10%	
				5%	
				15%	
Mineral products, Bamboo and wood	ITEMS	Paper	Vegetable Oils	15%	
				15%	
				15%	
				15%	
				15%	
				15%	
				15%	
				15%	
				15%	
				15%	
Bamboo & wood	ITEMS	Chemical lacquers, glue, pigments and dyes	Chemical soda Flat surfaced glass Cement, tiles & bricks	5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	
				5%	